

Message Text

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PAGE 01 QUITO 06199 062058Z
ACTION ARA-14

INFO OCT-01 ISO-00 SOE-02 AID-05 CEA-01 CIAE-00
COME-00 DODE-00 EB-08 DOE-15 H-01 INR-10 INT-05
L-03 NSAE-00 NSC-05 OMB-01 PM-05 ICA-11 OES-09
SP-02 SS-15 STR-07 TRSE-00 ACDA-12 PA-01 /133 W
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FM AMEMBASSY QUITO
TO SECSTATE WASHDC 9310
INFO AMCONSUL GUAYAQUIL

C O N F I D E N T I A L QUITO 6199

E.O. 11652: GDS
TAGS: EINV, ENRG, EC
SUBJECT: GULF INQUIRY ON POLITICAL SITUATION

REF: STATE 220278

1. IN REPLY TO THE REFTTEL, THE EMBASSY KNOWS OF ONLY ONE INSTANCE WHEN ANY OF THE THREE MAJOR CANDIDATES (ROLDOS, DURAN-BALLEN, HUERTA) FOR PRESIDENT MADE ANY PUBLIC OR PRIVATE COMMENT ON THE FUL-GOE ACCORD OF MAY 27, 1977. ON JULY 24, 1978, HUERTA STATED THAT IT WAS A MISTAKE FOR THE GOE TO PAY CASH FOR THE INITIAL DOWN-PAYMENT ON GULF'S ASSETS, RATHER THAN USING A GOE BOND. LOCAL GULF REPRESENTATIVES DID NOT FIND THIS COMMENT PARTICULARLY ALARMING IN VIEW OF THE READY NEGOTIABILITY OF SUCH BONDS.

2. THE EMBASSY HAS FOUND AN ALMOST COMPLETE LACK OF UNDERSTANDING IN THE LOCAL SOCIETY CONCERNING THE ARRANGEMENT BY WHICH GULF IS LEAVING ECUADOR. PRESS COMMENT IS VIRTUALLY NIL. IN FACT, MOST LOCAL OBSERVERS, EVEN SOME HIGH GOE OFFICIALS, THINK THAT GULF IS NOW GONE. CONSEQUENTLY, THE CANDIDATES HAVE HAD NO REASON
CONFIDENTIAL

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PAGE 02 QUITO 06199 062058Z

TO MAKE AN ISSUE OF THE BUY-OUT.

3. IN ANY CASE, THE EMBASSY BELIEVES THAT ALL THREE CANDIDATES WOULD HONOR THE AGREEMENT UPON ASSUMING OFFICE. IF THE RETURN TO CIVILIAN GOVERNMENT BREAKS DOWN, THE EMBASSY ALSO EXPECTS THE MILITARY REGIME TO HONOR THE AGREEMENT.

4. DELOITTE (UK), THE AUDIT FIRM AGREED UPON BY GULF AND CEPE (THE STATE PETROLUEM CORPORATION) TO PERFORM THE FINAL VALUATION OF GULF'S ASSETS, STARTED DETAILED WORK ON THE AUDIT IN EARLY JULY, DESPITE THE LACK OF A CONTRACT, REFLECTING THE CONFIDENCE OF ALL THREE PARTIES THAT AN AGREEMENT WOULD BE REACHED. THE CONTINUED LACK OF A CONTRACT TO DATE HAS BEEN DUE ALMOST EXCLUSIVELY TO THE USUAL BUREAUCRATIC DELAY. A CONTRACT WAS SCHEDULED TO BE SIGNED ON AUGUST 25, BUT A REQUIRED REVIEW BY THE COMPTROLLER GENERAL OF THE PROPOSED CONTRACT, ONE OF THE LAST BUREAUCRATIC HURDLES, RAISED A FEW MINOR POINTS WHICH ARE NOW ON THE VERGE OF BEING RESOLVED TO EVERYONE'S SATISFACTION. HOPEFULLY, THE SIGNING DATE WILL BE WITHIN A WEEK OR TWO.

5. ONCE THE CONTRACT IS SIGNED, THE AUTOMATICITY OF THE WHOLE PROCESS WILL PREVENT GOE OR CEPE FROM LEGALLY STOPPING THE AUDIT, NOW SCHEDULED TO BE COMPLETED SOMETIME IN LATE 1978 OR EARLY-1979.
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